

November 28th, 2017

2018 Budget Message

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It is with pleasure that I present you with the City of Algona's budget for the year 2018.

The challenges we faced in budgeting for the coming year, include the cost of maintaining our Enterprise Funds, and insuring uninterrupted utility service to our residents. The City's Enterprise Funds are those funds that provide essential services such as water, sewer and storm drainage.

With careful consideration, a cost analysis determined a modest increase is needed in water, sewer and stormwater rates. This increase is driven by the expense of purchasing services from outside municipalities, as well as maintenance, infrastructure repairs, and capital improvement reserves.

Administration was also challenged with creating a budget to reflect the expenditures and costs associated with our new Community Center/City Hall. This building was needed, and will provide a hub for the residents of Algona.

I would like to thank the Department Directors and City staff for their active and direct participation in the development and preparation of this year's budget. Through these continual efforts Algona has consistently been able to provide quality public services to its citizens, while maintaining the highest degree of fiscal responsibility.

The total City budget for 2018 is \$10,667,430.00; inclusive of projected beginning and ending cash balances. We have conservatively estimated revenues, and tried to anticipate the rise in cost of goods as well as services. Health benefits decreased slightly for medical, 0% for dental and 0% for vision. Also highlighted in the 2018 budget is \$1,877,200.00 in capital projects. It's been our continuing policy to fund repair, maintenance and capital improvements over multiple years to recognize fiscal responsibility.

This budget also reflects the partial repayment of our long term debt associated with the new Community Center/City Hall complex, as well as the final expenditures for construction. This facility will be completed in March of 2018.

The proposed budget for 2018, stated on a comparative basis with the 2017 Budget, and actual expenditures for 2016 are as follows:

<i><b>Fund</b></i>	<b>2016 Actuals</b>	<b>2017 Budget</b>	<b>2018 Budget</b>
<b>Current Expense</b>	2,846,281	3,029,459	3,307,470
<b>Drug Fund</b>	0	2,200	2,200
<b>Street Fund</b>	391,970	1,515,571	973,750
<b>Contingency Fund</b>	0	0	0
<b>Capital Improvement Fund</b>	152,574	6,000,000	1,000,000

Park Impact Fund	0	0	0
General Obligation Bond Fund	0	0	355,000
Stormwater Mgmt. Fund	227,157	233,804	293,525
Water Maint. Fund	681,844	758,467	880,625
Sewer Maint. Fund	884,364	877,354	902,175
Water Capital Improvement	256,228	0	0
Sewer Capital Improvement	24,770	0	0
Stormwater Capital Imp.	0	0	50
Unemployment Trust Fund	1,671	15,000	15,000
Explorer Program Fund	1,358	5,000	15,000
<b>TOTAL</b>	<b>\$5,468,217</b>	<b>\$12,436,855</b>	<b>\$7,744,795</b>

Estimated Revenues for 2018 compared to the amount received in 2016 and budgeted estimates for 2017 are as follows:

<b>SOURCE</b>	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>2018 Budget</b>
Beginning Cash/Reserves	7,321,913	6,606,000	5,952,000
Taxes	2,316,659	1,529,250	1,653,750
Licenses & Permits	168,512	96,600	122,950
Intergovernmental	407,491	1,805,300	621,500
Charges for Services	1,882,397	1,581,650	1,716,650
Fines & Forfeitures	96,852	56,600	60,750
Miscellaneous	76,223	33,040	169,830
Proceeds Of Debt	0	3,500,000	0
<b>TOTAL</b>	<b>\$12,270,047</b>	<b>\$15,208,440</b>	<b>\$10,297,430</b>

Administration continues to concentrate on balancing community service needs with limited revenues as well as take the necessary measures to manage the budget as approved by Council. A conservative and logical approach is used when estimating expenditures to ensure wise use of taxpayer's dollars. The 2018 budget is fiscally prudent and addresses our citizens' needs.

It is important to note that the daily operation of our City depends on many key people, namely our dedicated employees but also that of our City Council and the members of various boards and committees.

### **Capital Improvements**

This year's budget includes \$1,816,000 targeted for capital improvements. This portion of the budget represents expenditures for purchases of property and/or improvements to the cities facilities and infrastructure.

**Pacific Avenue Project - \$639,000:** This project is an overlay of Pacific Ave., and will be funded through a TIB Grant. The match will be paid by Safeway.

**Matchett Park Playground Border & Fall Protection - \$25,000:** This will provide a

border and safe ground for the playground. Funds will be spent out of the General Fund (001).

**Administration Vehicle - \$50,000:** This vehicle will be used by admin personnel, as well as for other departments for going to meetings, conferences and other work related events. This will be purchased out of the General Fund (001).

**Police Vehicles - \$84,000:** Two new vehicles are needed in the rotation of the police fleet. These will be purchased out of the General Fund (001).

**Flail Arm Assembly - \$18,000:** This item will replace our current assembly which is not repairable. These funds will be out of the Stormwater Fund (401).

**Algona Community Center/City Hall - \$1,000,000:** This is the remaining expenditures, funded by the Capital Improvement Fund (106).

### **Capital Outlay**

The 2018 budget reflects \$61,200 set aside for capital outlay items. Capital outlay items include purchases of goods or materials to better perform day to day services. The following items will be purchased from various funds for the year 2018:

<b>Admin./Events</b>	Matchett Park Reader Board	\$7,500
	Electronic Check Signage	\$2,500
	Folding Machine	\$2,500
<b>Police Dept.</b>	Video Camera	\$12,500
<b>Public Works</b>	Fire Hydrants	\$30,000
	Alamo Flail Float System	\$4,000
	Kubota Rotary Cutter	\$2,200
<b>TOTAL</b>		<u>\$61,200</u>

The City of Algona employs nineteen full time staff members, and one part time employee within the Administration, Police, and Public Works Departments.

I hope you find this document a useful and informational tool to help you understand and discover more about our community and the challenges we all face. I am confident the operating budget for 2018 reflects our mission to provide outstanding services while addressing transportation, recreational, public safety needs, and other essential needs of our community.

It has been a pleasure serving as your Mayor these past 12 months, and I am proud of our accomplishments and appreciate the dedication and commitment of our hard working and well-trained City staff. I look forward to serving the citizens of Algona in 2018.

Respectfully submitted,  
David E. Hill, Mayor